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The Montana Futures Project

REPORT TWO: VISION, GOALS and BENCHMARKS

February 1993

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The Montana Futures Project is charged with preparing a vision and agenda for the state's economic future, including goals for the stewardship and development of Montana's human, natural and industrial resources, and statistical benchmarks for measuring progress toward those goals.

The Project will work toward "*an orderly, continuous process which will allow Montanans to consider the facts, express their preferences, and permit priorities to be established and changed in light of current economic realities and citizen preferences.*"

I. OVERVIEW: THE MONTANA FUTURES PROJECT

The Governor's Council for Montana's Future, a non-partisan panel of over 20 citizens from all parts of the state and all walks of life, undertook the above task in February 1992.

The Council set out to chart the economic future in a new way, starting a process in which:

- citizens are approached first, to review the economic facts, determine goals and priorities, and set the agenda for the project;
- a vision of the state's future, together with specific goals, is built on public input;
- expected results--and agreed ways to measure the results, called "benchmarks"--are defined right at the start;
- action on the Project goals would be driven by incentives--by tying a portion of state agency budgets to achieving benchmarks--rather than mandated by a top-down action plan.

•*Report One: Situation Analysis and Public Response.* As the first and most fundamental step, the Council began by asking individual Montana citizens to declare what they want. Montanans were asked to consider the economic facts, then identify the key elements of their preferred vision of Montana's future, together with the actions to take, problems to solve and opportunities to seize in order to achieve that future.

To get these answers, we met with over 870 citizens at 29 town meetings all across the state in May and June. Next, we conducted a statewide random telephone survey--speaking directly to yet 400 more Montanans--to delve into the issues that emerged as most important in the town meetings.

Report One of the Futures Project, published in October, summarizes the **economic situation analysis** delivered at the town meetings, and presents the **public response**--choices for Montana's future gleaned from the town meetings and telephone survey. Key findings from *Report One* are shown on pages 2 - 3.

•*Report Two: Vision, Goals and Benchmarks.* This current report, the second from the Montana Futures Project, states a **vision** for Montana's future, and **goals** for reaching that vision, composed from the town meetings and surveys. The vision statement and goals are discussed on pages 2 - 3, within.

In addition, *Report Two* introduces the element of accountability, by defining **statistical benchmarks** to measure the results Montana's citizens are looking for, and to mark progress along the way. Do we want to increase incomes? How much, how broadly, and by when? Do we want to "diversify, strengthen and stabilize" our economy? What indicators will tell us that the economy is more diverse, strong and stable--or less? What exactly do we mean by those words--and how do we know if we're moving closer to the goal, or falling further away?

By setting benchmarks in advance, we can hold our institutions accountable --and prevent gamesmanship by factions who choose the numbers that bolster their own positions. A table of suggested benchmarks, to be revised and elaborated into a permanent set for adoption by the next Legislature, is shown on pages 4 - 11.

Finally, this report makes **recommendations** for continued citizen leadership of economic development planning. By providing authority and resources for ongoing citizen-led oversight of economic development activity--*and by taking the key step of tying a portion of state agency budgets to achieving the benchmarks illustrated in this report*--the Governor and Legislature can assure that the initiative and energy of workers throughout state government will be focused on delivering the results our citizens want. The Council's recommendations are summarized on page 11 of this report.

•*Report 3: Action Plan.* The National Association of State Development Agencies, as consultants for the project, will present an action plan in Report Three including suggested strategies, and programs for reaching the public's goals and vision. Due in March 1993, Report Three will focus on business and economic development goals, with particular emphasis on policies and strategies for the Department of Commerce and its business development programs. Report Three will be presented as a menu from which an incoming administration can select options for moving in the directions defined in the public input and participation stage of the Futures Project.

•Top-down versus bottom-up. Because we began with citizen input, and end with citizen oversight and agency incentives, some have referred to this Project as "bottom-up" planning. We prefer to think of it as "top-down"--with the top being the citizens of Montana. The Montana Futures Project is a success, if the means are put in place for Montana's future to become Montana's choice.

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II. KEY FINDINGS-- ECONOMIC ANALYSIS AND PUBLIC RESPONSE

As consultants to the Montana Futures Project, the National Association of State Development Agencies (NASDA) prepared an analysis of Montana's economy. Public response to the state's situation was gathered in town meetings and explored further in a random sample telephone survey. Some key features of the analysis and public response are shown below.

Economic Analysis

• The percent of Montana's employment provided by mining, logging and lumber, and agriculture has been cut in half over the past fifty years.

• Meanwhile, finance/insurance/real estate, wholesale and retail trade, and general services have tripled, from 19% to 58% of all nonfarm jobs.

• These trends are not unique to Montana, but mirror job shifts in the U.S. economy as a whole. The shift from goods to service-producing industry is forecast to continue.

• Montana's largest private industries by personal income and earnings are **#1 services** (24.4%); **#2 retail trade** (12.6%); **#3 transport/communications/utilities** (9.0%); **#4 manufacturing** (8.2%); and **#5 farming/ ranching** (6.0%).

• The state's largest, fastest-growing source of personal income is **unearned income** (dividends, interest, rents and transfer payments), which grew from 23.1% of all income in 1960 to 39.7% by 1990. In 1990, **unearned income** was 2.7 times greater than earnings from mining, lumber and other manufacturing, construction, and farming/ranching combined.

• The traditional natural resource industries are shrinking in percent share, but not absolute numbers of jobs and income dollars. These industries will remain large, important and viable in Montana, and must have a central role in any realistic plan for the future.

THE MONTANA FUTURES PROJECT

VISION AND GOALS

THE VISION:

WE MONTANANS WANT OUR STATE TO BE ECONOMICALLY, ENVIRONMENTALLY AND SOCIALLY RICH, WITH ROOM TO LIVE OUR INDIVIDUAL DREAMS IN THE 21ST CENTURY.

THE GOALS:

I. Assure quality job opportunities for our citizens.

A. STIMULATE SUSTAINED QUALITY EMPLOYMENT GROWTH ALONG WITH STRUCTURED LONG-TERM ECONOMIC DEVELOPMENT.

B. MAINTAIN A BALANCE BETWEEN DIVERSIFIED ECONOMIC DEVELOPMENT, A SUSTAINABLE ENVIRONMENT AND QUALITY OF LIFE.

C. PROVIDE A FAVORABLE BUSINESS CLIMATE.

1. OVERHAUL THE WORKERS' COMP SYSTEM TO ADEQUATELY AND FAIRLY MEET THE NEEDS OF TAXPAYERS, WORKERS AND BUSINESS.

E. ENCOURAGE BUSINESS INNOVATION AND TECHNOLOGY GROWTH.

II. Develop a comprehensive and equitable tax structure matched by a responsive and responsible government.

A. REFORM OUR TAX SYSTEM TO ASSURE FAIRNESS AND REVENUE GROWTH CONSISTENT WITH OUR OVERALL ECONOMIC GROWTH.

B. INITIATE PRIORITIZED, RESULTS-BASED BUDGETING SYSTEM IN STATE GOVERNMENT.

C. REFORM GOVERNMENTAL UNITS (CITY, COUNTY, STATE) TO BE RESPONSIVE, AFFORDABLE AND EFFECTIVE.

III. Achieve the greatest common good through consensus about important statewide issues.

A. PROMOTE AN AFFORDABLE HEALTH CARE DELIVERY SYSTEM FOR ALL MONTANANS.

B. PUT IN PLACE AN EQUITABLE SYSTEM TO FACILITATE TRANSITION FROM WELFARE TO THE WORKPLACE FOR ALL ABLE MONTANANS.

C. INCREASE OUR CAPACITY TO RESOLVE OUR OWN NATURAL RESOURCE DISPUTES.

D. INCREASE OUR CAPACITY TO CAPITALIZE UPON MULTICULTURAL DIVERSITY.

IV. Maintain a high quality education system.

A. IMPROVE LINKAGES BETWEEN EDUCATIONAL PROVIDERS AND EMPLOYERS' NEEDS.

B. IMPROVE THE QUALITY AND COST EFFECTIVENESS OF THE EDUCATION SYSTEM.

C. REDUCE THE OUTMIGRATION OF EDUCATED YOUNG PEOPLE.

D. INCREASE THE PERCENTAGE OF HIGH SCHOOL GRADUATES.

TOP RESPONSES--Town Meetings (statewide summary)

• Top Five Goals: a clean environment, quality education, a business-friendly climate, jobs to keep our youth, and balance between industry and environment.

• Top five problems: poor tax structure, polarization/partisanship, workers compensation rates, short-term outlook and resistance to change.

Top five actions needed: tax reform (in general), attract new business, reform planning and zoning law, reform Workers Compensation, tax reform (specifically with a sales tax)

Five greatest problems/weaknesses: Poor tax structure, polarization/partisanship, Workers Compensation program, short-term outlook, resistance to change.

TOP RESPONSES--Telephone Sample Survey

• In a telephone sample survey, 96% of respondents rated a stronger economy as either somewhat or very important. This almost universal demand for better economic performance was closely linked with expectations of environmental balance and improvement, and accompanied by an expressed willingness to support improved education and social services, and incentives for starting and expanding local businesses. Sixty-three percent believe Montana's current population is about right, with 9.6% saying it is already too large.• The State's top problems: unemployment; tax structure; workers compensation; social services (health care, welfare, education and infrastructure).

• Top priorities for economic policy: growth in jobs and income; stabilization/diversification of economy; preservation of the environment and a traditional way of life; balance between job growth and environmental preservation.

III. VISION AND GOALS FOR MONTANA'S FUTURE

The Governor's Council's most challenging and inspiring assignment was to distill over one hundred hours of town meeting discussions and four hundred sets of survey responses into a single, succinct and engaging vision statement: *"We Montanans want our state to be economically, environmentally and socially rich, with room to live our individual dreams in the 21st century."*

In hours of discussion and reflection, the "rich, with room" theme was chosen to embody some of the balances that Montanans embrace: jobs and the environment; cooperation and independence; change within tradition; competition and caring; growth but elbow room. The idea of richness, in turn, was chosen to connote not just wealth, but diversity, depth and connectedness to people and places.

We sought to capture the interplay between community solidarity and frontier individuality in the phrases, "we Montanans" and "our individual dreams"; and we focused those dreams, as appropriately we should, on the opening of a new century.

The general goals arrayed to support this vision were four, expressly chosen to reflect the priorities and values made plain in the town meeting and telephone survey responses which were presented in Report One of this project, and briefly summarized on the foregoing pages:

- to assure quality job opportunities for our citizens (with quality explicitly understood to include a balance between economic benefit, environmental sustainability, and the more general quality of life)
- to develop a comprehensive and equitable tax structure, matched by a responsive and responsible government
- to achieve the common good through consensus on important statewide issues (such as health, welfare, education, natural resource usage and cultural diversity)
- to maintain a high quality education system

The vision statement and general goals, with more specific goals organized under each of these headings are displayed on page 2. Specific objectives that support these goals, statistics for measuring progress toward them and timelines to achieve them are arrayed in the table of benchmarks presented in the following section, together with historical and current performance levels on many of the benchmark statistics.

IV. BENCHMARKS

While the ideas and aims of Montana citizens are the foundation of the Montana Futures Project, benchmarks are the structure itself--the part that most people will see, use and remember.

Benchmarks are the element of this project that makes it different from every previous economic planning exercise in Montana. And--especially if we tie incentives in state agency budgeting to them--benchmarks will be the feature which drives this plan to success.

The *idea* of benchmarking isn't original here; it was pioneered by the State of Oregon. But the measures and aims in the following tables are pure Montana, derived from our own assessment of where we want to go and what we want to be, and organized according to our own way of looking at things.

What is a benchmark? Benchmarks are final output measures--publicly available statistics that tell us what results we are getting.

Most units of government measure and report inputs, such as salary levels, miles travelled, phone calls received, seminars presented and cases closed. These things are worth keeping track of. But they tell us nothing about what those salaries, miles, calls, seminars and cases accomplish. We know there are activities, efforts, expenditures. But are they creating the benefits or solving the problems that the agency, unit or program was set up to address?

Benchmarks answer those all-important output questions. They track the economic results we want, such as increasing average incomes and the availability of jobs in well-paying fields. For welfare, they may tell us what proportion of the clientele is successfully making the transition into the workplace. For the environment, again, they focus on results: how many miles of streams or acres of surface water meet standards; how many species are endangered; how many communities have adequate waste-water facilities.

Why are benchmarks important? By forcing us to clearly define what we want and how to measure if we are moving toward it, benchmarks give us the tools to know what works and what doesn't--which strategies should be reinforced, and which should be dropped or redirected. Benchmarks also help us keep sight of goals in the middle of debates about ways and means. If a particular strategy or program doesn't work, we change it--but the purposes and goals remain the same. Finally, benchmarks give us a powerful tool for calling on the creativity of individual employees throughout state government. Like good managers in any organization, we can set clear goals and divert budgetary resources toward those who achieve them. This approach encourages creative solutions on the part of literally hundreds of people, rather than enforcing a static plan or strategy conceived by a few.

Are the benchmarks complete as written? No, they are not. In some cases, statistical information to complete the benchmark tables was unavailable. In a few cases, we were unable to define an agreed-upon measure.

In general, however, the benchmarks are deliberately presented as a work in progress. **The Council specifically intends the benchmarks sketched out in the following tables to be provisional.** What we offer is a set of numerical goals that (1) concretely illustrate the idea of benchmarking, and (2) give us a practical set of indicators to work toward and to track progress while a more complete and detailed set of final benchmarks is being created.

These *provisional benchmarks*, then, are intended to be an open invitation to people and organizations concerned with the fields covered by the benchmarks--economic, social and environmental--to join in creating a still more accurate and extensive set of measures to propose for adoption by the next Legislature, and to apply in state agency budgeting.

To summarize, the Council sought in drafting these benchmarks to:

-establish specific, numerical indicators for tracking accomplishment of the public's goals;

-identify output measures wherever possible, and recognize input measures only when these could be directly and reliably connected to results;

-choose measures that allow us to compare ourselves to other states, and to national averages;

-use statistics that are already publicly available, or that can easily be assembled from available data;

-show recent past and current performance on each indicator, and measure future progress at three intervals: the years 1995, 2000 and 2010;

-create an immediate set of aims for achievement, and measures for progress;

-inspire a broad effort to produce a final set of benchmarks for official adoption.

The benchmark tables which follow are arranged to correspond to the outline of general and specific goals displayed on page 2.

GENERAL GOAL: I Assure quality job opportunities for our citizens.

SPECIFIC GOAL: I A. Stimulate sustained quality employment growth along with structured long-term economic development.

BENCHMARK TOPIC 1: quality of jobs		1970	1980	1990	1995	2000	2010
BENCHMARK DEFINITION							
1. Manufacturing intensiveness: Manufacturing's share of total jobs in MT, expressed as a percent of manufacturing's share of total jobs in the U.S.			38%	40%	43%	45%	50%
2. a. High technology manufacturing jobs as a percent of total manufacturing jobs	**Hi-tech jobs:** **All mfg jobs:** **Hi-tech %:**		2,567 24,997 10.3%	3,152 21,524 14.6%	3,500 ___	4,000 ___	5,000 ___
b. High technology service jobs as a percent of **total service jobs**	**Hi-tech jobs:** **All svcs jobs:** **Hi-tech %:**		9,868 66,081 14.9%	7,432 84,774 8.8%	8,000	8,800	10,600
3. Average wages as a percent of U.S. average wages			97%	87%	90%	93%	100%
4. Value-added per production worker compared to U.S. average	Survey Year: Percent:	1972 103.8%	1982 76.5%	1987 80.5%	1992 ___	1997 85%	2007 100%
5. Growth and quality of jobs in key Montana industries, including:							
Agriculture							
Mining							
Lumber							
Tourism							
6. Per capita personal income expressed as percent of U.S. per capita personal income		86%	91%	80%	84%	88%	96%

1. Manufacturing intensiveness is calculated as the ratio of percent Montana employment in manufacturing to percent U.S. employment in Manufacturing. In 1980, for example, Montana Manufacturing jobs were 8.6% of **non-agricultural** employment, versus 22.4% for the U.S. Montana employment was 38% as manufacturing intensive as U.S. employment.

2. Source for definition of high tech industries: Bureau of Labor Statistics, Monthly Labor Review. Our figures use their broadest definition of high tech ("group I"), which includes all industries with a proportion of technology-oriented workers (engineers, life and physical scientists, mathematical specialists, engineering and science technicians and computer specialists) at least 1.5 times the average for all industries.

3. Specific job quality and growth measures for the industries shown in Benchmark 5 should be set in consultation with industry representatives.

4. Goal in Benchmark 6 is to approach U.S. average--very ambitious when we realize that achieving this goal would mean reaching levels of economic performance equal to the best performing states in our "region," e.g., Minnesota, Colorado and Washington.

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GENERAL GOAL: I Assure quality job opportunities for our citizens.

SPECIFIC GOAL: I A. Stimulate sustained quality employment growth along with structured long-term economic development.

BENCHMARK TOPIC 2: employment growth		1970	1975-1980	1985-1990	1990-1995	1995-2000	2005-2010
TRACKING MEASURE							
1. Ratio of Montana percentage of job growth to U.S. percentage of job growth over a five-year time period	Montana: U.S.: Ratio:		15.2% 15.7% 96.8%	1.3% 10.0% 13.0%	___ ___ ___	___ ___ ___	___ ___ ___

1. 63% of the respondents in the telephone survey indicate that the current population is "about right" and another 10% said the population is "too large." Clearly, our citizenry wants the Montana population to grow slowly, if at all. At the same time, Montanans want job opportunities to grow rapidly.

However, more job opportunities imply more immigration, meeting one goal would defeat the other. In addition, other uncontrollable variables, such as age distribution, affect both population growth and work force growth.

Because of the interdependence and unpredictability of these measures (job and population growth), as well as the contradiction between high employment growth and low population growth, the Council defined this statistic as a **tracking measure only**, meaning that it is an indicator to be tracked and reported, but no benchmark goals will be set.

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GENERAL GOAL: I Assure quality job opportunities for our citizens.

SPECIFIC GOAL: I B. Maintain a balance between diversified economic development, sustainable environment and quality of life.

BENCHMARK TOPIC 3: economic diversification	1970	1980	1990	1995	2000	2010
BENCHMARK DEFINITION						
1. Value-added merchandise exports to foreign countries (millions of dollars)		$44.8M*	$80.2M	$112M	$134M	$180M
2. Percentage of total employment located in 47 rural counties	42.6%	39.2%	33.6%	34%	34%	34%
3. The number of sub-5,000 population communities that have one or more entrepreneurial companies with at least xx employees and with significant growth prospects						

1. Dollar figure in the 1980 column is from 1987, the earliest year for this data series. Value-added exports, include processed foods, textiles, apparel, lumber, furniture, paper, printing, rubber/plastic, leather, fabricated metal, non-electric machinery, electronics, transportation equipment, measuring photo/medical equipment, and miscellaneous manufacturing. Commodity merchandise exports were mainly primary metals, metallic ore, chemicals, non-metallic ore, and oil and gas extraction.

2. Counties considered urban herein include those with "trade centers" as defined by the Bureau of Business and Economic Research at the University of Montana: Yellowstone, Missoula, Cascade, Flathead, Gallatin and Lewis & Clark; and three other counties--Silver Bow, Ravalli and Lake.

3. No statistics are now available for a benchmark of this kind, which would provide a leading indicator of the viability of small Montana towns.

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GENERAL GOAL: I Assure quality job opportunities for our citizens.

SPECIFIC GOAL: I B. Maintain a balance between diversified economic development, sustainable environment and quality of life.

BENCHMARK TOPIC 4: sustainable environment	1970	1980	1990	1995	2000	2010
BENCHMARK DEFINITION						
1. Communities needing to brought into attainment levels or compliance for: a) PM-10 (Particulates) b) carbon monoxide			 8 3	 2 1	 0 0	 0 0
2. Percentage of Montana's hazard waste sites cleaned up or being cleaned up		5%	15%	25%	60%	85%
3. Number of pounds per person of Montana municipal solid waste	1160	1240	1300	1290	1000	900
4. Number of native wildlife species listed as threatened or endangered in Montana		7	9	9	5	3
5. Number of miles of rivers and streams not meeting Montana's in-stream water quality standards		4,660	17,141	15,426	12,341	9,873
6. (Reduce) Acres of Montana's lakes not meeting Montana's water quality standards to less than		126,932	607,872	547,084	437,667	350,134

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GENERAL GOAL: I Assure quality job opportunities for our citizens.

SPECIFIC GOAL: I B. Maintain a balance between diversified economic development, sustainable environment and quality of life.

BENCHMARK TOPIC 5: quality of life	1980	1990	1995	2000	2010
BENCHMARK DEFINITION					
1. Percentage of Montanans paying more than 35% of household income for housing costs	16.7%	18.4%	16%	14%	12%
2. Number of communities with public health or environmental hazards due to inadequate sewer systems		26	21	18	15
3. Percentage of public water systems meeting <u>all</u> state and federal quality standards for drinking water (lead, microbio, other contaminants)		90%	87%	95%	98.5%
4. (Reduce) Overall crimes per 1,000 Montanans per year versus U.S. crime rate **Montana:** **U.S.:**	 4.678 5.9	 4.170 5.741			
5. (Reduce) Violent crimes per 1,000 Montanans per year **Montana:** **U.S.:**	 .216 .581	 .121 .732			
6. (Increase) Percentage of Montanans served by a public library which meets minimum service criteria					
7. Number of children that Montana licensed registered child care providers have the capacity to serve		16,000	28,000	42,000	52,000
8. (Reduce) Percentage of parents delinquent in child support					

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GENERAL GOAL: 1 Provide a favorable business climate.

SPECIFIC GOAL: I C. Overhaul the Workers' Comp system to adequately and fairly meet the needs of taxpayers, workers and business.

BENCHMARK TOPIC 6: Workers' Comp	1970	1980	1990	1995	2000	2010
BENCHMARK DEFINITION						
1. Workers' Comp premiums as a percentage of total covered wages and salaries						
2. Unfunded liability						
3. Medical costs						
4. Indemnity costs						

1. Workers' Comp reform has been the target of a special commission appointed by the Governor, and is a major priority of the 1993 Legislature. The Council has recommended that targets for the above measures should be set by the Legislature as a part of the reforms adopted in the 1993 Session, with the goal being competitiveness with Montana's neighbor states.

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GENERAL GOAL: I Assure quality job opportunities for our citizens.

SPECIFIC GOAL: I D. Encourage business innovation and technology growth.

BENCHMARK TOPIC 7: business innovation and technology growth		1980	1990	1995	2000	2010
BENCHMARK DEFINITION						
1. Ranking among states on number of U.S. patents issued per million population	RANK: Number per Million:		40 93	115	140	20 200
2. Ranking among states in scientists & engineers employed per 10,000 population	RANK: Number per 10,000:		47* 99*	110	135	24 180

1. National Average is 207. Highest amount is in Delaware @ 662.

2. National Average is 192. Highest amount is in Massachusetts @ 330. *Note: ranking and number given are for 1986, the closest year available.

General Note: All rankings quoted in this and succeeding tables are from most desirable to least desirable--that is, the most desirable position is ranked number one, the second most desirable number two, and so forth.

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GENERAL GOAL: II Develop a comprehensive and equitable tax structure matched by a responsive and responsible government.

SPECIFIC GOAL: II A. Reform our tax system to assure fairness and revenue growth consistent with our overall economic growth.

BENCHMARK TOPIC 8: tax fairness		1980	1990	1995	2000	2010
BENCHMARK DEFINITION						
1. Proportionality of overall tax system for families and individuals. Measure: Percent paid in taxes by those earning $20,000 income, divided by percent paid in taxes by those earning $100,000 income.	Rank: Ratio:		8 0.733	8 or higher	8 or higher	8 or higher
2. Vote on sales tax by Montana citizens by end of 1993.			-	1993 vote		
3. Effective business equipment tax rate, compared to neighbor states.	Montana effective rate: 7 Neighbor States: MT as % of Neighbors:	4.34%	2.44% 1.66% 147%	1.66% 100%	1.66% 100%	1.66% 100%

1. National average: 0.888. Most Regressive in Nation: Tennessee, at 1.22. On the measure shown above, numbers less than 1.0 indicate that lower-income earners pay a smaller percentage of their income in taxes than high-income people. For example, in Montana, someone earning $20,000 pays only 73% as large a share of their income in taxes as does someone earning $100,000.

2. This is an action step, not a benchmark--but so crucial as a means of ending a deadlock and moving forward in whatever direction chosen, that it has been included nevertheless.

3. Seven neighbor states that assess this tax are: Idaho, Utah, Wyoming, Colorado, Oregon, Nevada and Washington (North and South Dakota have no business equipment tax).

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GENERAL GOAL: II Develop a comprehensive and equitable tax structure matched by a responsive and responsible government.

SPECIFIC GOAL: II A. Reform our tax system to assure fairness and revenue growth consistent with our overall economic growth.

BENCHMARK TOPIC 9: revenue growth	1975-1980	1980-1985	1985-1990	1990-1995	1995-2000	2005-2010
BENCHMARK DEFINITION						
1. Ratio of tax revenue growth to total per capita income growth.			1.00	1.00	1.00	1.00
2. Eliminate the state budget deficit in the 1995 biennium as measured in the Consolidated All Funds Financial Statements. Measure: Annual (deficit)/surplus of revenues over expenditures. In General Fund, School Equalization, Highways and Workers' Comp funds combined.				($160M)	-0-	-0-

1. This benchmark requires that tax revenues should grow at the same rate as the rate of growth in personal income.

2. In all likelihood, it is not possible to fully eliminate a $330M budget deficit within one biennium, since new tax measures (if approved) will not take effect until the second year of the biennium. The target above is to eliminate half the forecast deficit in the 94-95 biennium, and return to balance in the next period (1996-1997).

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GENERAL GOAL: II Develop a comprehensive and equitable tax structure matched by a responsive and responsible government.

SPECIFIC GOAL: II B. Initiate prioritized results-based budgeting system in state government.

BENCHMARK TOPIC 10: results-based budgeting system	1970	1980	1990	1995	2000	2010
BENCHMARK DEFINITION						
1. Percentage of the state's major funds that are allocated on the basis of performance or final output criteria, or attainment of benchmarks.						

1. The major funds that should be targeted for performance-based appropriations and allocation are the General Fund, State Equalization Account and Highway Fund and Workers' Compensation Fund. The Budget Office should require agencies to calculate what proportion of these funds are currently appropriated on the basis of achievement of specific final results measures (benchmarks). Targets should be set to increase the proportion of funds so allocated.

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GENERAL GOAL: II Develop a comprehensive and equitable tax structure matched by a responsive and responsible government.

SPECIFIC GOAL: II C. Reduce total governmental overhead.

BENCHMARK TOPIC 11: governmental efficiency	1980	1990	1995	2000	2010
BENCHMARK DEFINITION					
1. State and local general government and financial administration employment as a percentage of total full time equivalent employment — Montana: / Average of Neighbor States: / U.S. Average:		7.6% / 5.2% / 5.0%	7.0%	6.5%	5.2%
2. Percent of Montanans rating their government "excellent" on responsiveness and responsibility.					

When thinking about greater government effectiveness many Montanans think first about consolidation of governmental units. However, it is crucial to realize what the gross figure of units per population conceals. For example, between 1977 and 1987, Montana's governmental units increased 30%, but, during this time, no new counties were added, and some school districts consolidated. Most of the increase was in special improvement districts (SIDs) which are a means of allowing bond funding of public improvements, and which add no employment or administrative overhead to government. A meaningful benchmark for consideration might have to focus on certain specific kinds of government units rather than an overall number.

1. Highest in Nation: Pennsylvania, @ 7.7%. Lowest in Nation: Georgia @ 2.6%. Neighbor states: Idaho, Utah, Wyoming, Colorado, Washington, Nevada, Oregon, South Dakota and North Dakota.

2. We do not believe there is a single, overall "benchmark" measure of government effectiveness (responsiveness and responsibility), although a survey measure such as the above would be a valuable indicator.

Instead of selecting one overall measure, the Council believes responsiveness and effectiveness are best measured by tracking a variety of outputs, such as those listed for the economy and environment in foregoing tables, and for health, social services and education in the following tables. Likewise, responsibility is best measured by a variety of indexes on budgeting, taxation and fund management.

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GENERAL GOAL: III Achieve greatest common good through consensus about important statewide issues.

SPECIFIC GOAL: III A. Promote an affordable health care delivery system for all Montanans.

BENCHMARK TOPIC 12: accessibility of health care	1970	1980	1990	1995	2000	2010
BENCHMARK DEFINITION						
1. Number of Montana counties listed as Health Professional Shortage Areas			35	25	15	0
2. Number of miles of new fiber optic lines installed to support development of telemedicine programs			600 miles	1200	1800	4,200
3. (Increase) Percentage of Montana's primary care facilities using telemedicine programs						
4. Increase) Percentage of Montana communities having access to preventative health care.					100%	100%

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GENERAL GOAL: III Achieve greatest common good through consensus about important statewide issues.

SPECIFIC GOAL: III A. Promote an affordable health care delivery system for all Montanans.

BENCHMARK TOPIC 13: affordability and adequacy of health care		1980	1990	1995	2000	2010
BENCHMARK DEFINITION						
1. Percentage of nonelderly Montanans having insurance, and rank among states in percentage insured	**Percent:** **Rank** (from highest):		82.8% 33	85%	87%	92%
2. Hospital costs per day (dollar costs and national ranking)	**Cost:** **Rank:**		\$860* 5*			
3. Percentage of births that were low birthweight, and percentage of mothers who received late no prenatal care	**Low birthweight %:** **Late or no care %:**		6.0% 5.1%			
4. Percent of those eligible for the Women, Infant and Children (WIC) Program who are served	**Percent:** **Rank:**		44.6%* 36*	50%	60%	80%

1. National average: 16.1%. Best in Nation: Iowa, at 8.6%

2. *Note: Figures are for 1989

3. National Averages: low birthweight, 6.9%, late care, 6.1%. Best in Nation: South Dakota, 4.7%/5.8% *Note: figures are for 1988.

4. National Average: 49.2. Best in Nation: Vermont, 78.4. *Note: figures are for 1988.

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GENERAL GOAL: III Achieve the greatest common good through consensus about important statewide issues.

SPECIFIC GOAL: III B. Put in place an equitable system to facilitate transition from welfare to workplace for able Montanans.

BENCHMARK TOPIC 14: transition from welfare to workplace		1980	1990	1995	2000	2010
BENCHMARK DEFINITION						
1. (Increase) Number of AFDC clients still employed one year after being placed in jobs						
2. AFDC and AFDC unemployed parent recipients as percentage of population	**AFDC%:** **AFDC Unemp Parent %:** **Rank:**		3.6% 0.5% 28			1.0% 0.0%

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GENERAL GOAL: III Achieve the greatest common good through consensus about important statewide issues.

SPECIFIC GOAL: III B. Put in place an equitable system to facilitate transition from welfare to workplace for all able Montanans.

BENCHMARK TOPIC 15: equitability and quality of service in welfare system	1970	1980	1990	1995	2000	2010
BENCHMARK DEFINITION						
1. (Increase) Percentage of clients giving service high ratings on fairness and equitability						
2. (Increase) Percentage of clients giving service high ratings on preparing clients for and supporting them in transition to employment						
3. (Increase) Percentage of persons eligible for AFDC who are being served						

****

GENERAL GOAL: III Achieve greatest common good through consensus about important statewide issues.

SPECIFIC GOAL: III C. Increase our capacity to resolve our own natural resource disputes.

BENCHMARK TOPIC 16: management of natural resources	1980	1990	1995	2000	2010
BENCHMARK DEFINITION					
1. The 103rd Congress passes a wilderness bill for Montana during the upcoming congressional session		1993 Congress			
2. (Reduce) Sustained appeals as a percentage of total appealable actions in natural resource permitting cases					

1. Not a benchmark, but an essential action step included here nonetheless.

2. Fewer sustained appeals implies that resource agencies are doing their jobs correctly in conforming with laws and regulations.

****

GENERAL GOAL: III Achieve the greatest common good through consensus about important statewide issues.

SPECIFIC GOAL: III D. Increase our capacity to capitalize upon multicultural diversity.

BENCHMARK TOPIC 17: multicultural capacity	1980	1990	1995	2000	2010
BENCHMARK DEFINITION					
1. (Increase) Percentage of American Indians regarding themselves as having equality of social, economic and political opportunity					
2. (Increase) Numbers of Montana residents participating in exchange residence programs with foreign countries					
3. (Increase) Graduation rate of non-white high school students; by 2010 number should be equal to or exceed rate for whites					equiv to rate for whites
4. (Reduce) Annual average nonwhite unemployment rate, as percentage of white unemployment rate					equiv to rate for whites
5. (Increase) Dollar value of state contracts held by minority owned business, as percentage of total state contracts					

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GENERAL GOAL: IV Maintain a high quality education system.

SPECIFIC GOAL: IV A. Improve linkages between educational providers and jobs.

BENCHMARK TOPIC 18: job/education linkages	1980	1990	1995	2000	2010
BENCHMARK DEFINITION					
1. (Increase) Percentage of job-seeking higher education graduates who get jobs within their desired field of specialization within one year from graduation					
2. (Increase) Percentage of job-seeking secondary and post secondary vocational education students who get jobs in their desired field within one year of program completion					

The Council recommends that the 1993 Legislature should require creation of a common system of tracking and reporting of statistics defined above.

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GENERAL GOAL: IV Maintain a high quality education system.

SPECIFIC GOAL: IV B. Improve the quality and cost effectiveness of education.

BENCHMARK TOPIC 19: quality of education	1980	1990	1995	2000	2010
BENCHMARK DEFINITION					
1. Maintain ACT score ranking of Montana's high school seniors as compared to that of other states — RANK: / AVG. SCORE:		3rd 19.8			
2. (Reduce) Percentage of students entering Montana colleges and universities who require remedial academic training					
3. (Increase) Percentage of at-risk three, four and five year-old children provided with early childhood education opportunities, focused upon kindergarten preparation and family literacy efforts					
4. (Increase) Percent of eligible children for Head Start who are served by the program					

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GENERAL GOAL: IV Maintain a high quality education system.

SPECIFIC GOAL: IV B. Improve the quality and cost effectiveness of education.

BENCHMARK TOPIC 20: cost effectiveness of education	1980	1990	1995	2000	2010
BENCHMARK DEFINITION					
1. Percentage of traditional higher education students that complete undergraduate degree within 4 to 6 years of entry					

A carefully-defined common measure needs to be adopted by all higher-ed units, in order to track this. This measure is intended to be applied to "traditional," 18-24 year-old students only.

TRACKING MEASURES	1980	1990	1995	2000	2010
1. State support of higher education per pupil (FTE) — **Rank:** / **Amount:**		39 $3,465			
2. Per capita state appropriations for higher education — **Rank:** / **Amount:**		37 $146			
3. State and local spending for education per $1,000 of personal income — **Rank:** / **Amount:**		7 $83			
4. University and K-12 instructional budget as a percentage of total education and general budget, versus national average					

Expenditures are an input, not an output, unless for some reason we want to have higher expenditures for their own sake. To be consistent in measuring results wanted, the Council chose to display the above as tracking measures, but not to set benchmarks for them.

1. National Average: $4,041. Highest amount: Alaska, $9,892

2. National Average: $164. Highest Amount: Alaska, $331.

3. National Average: $66. Highest: Wyoming @ $114.

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GENERAL GOAL: IV Maintain a high quality education system.

SPECIFIC GOAL: IV C. Reduce the outmigration of educated young people.

BENCHMARK TOPIC 21: outmigration, means to retain educated young	1980	1990	1995	2000	2010
BENCHMARK DEFINITION					
1. (Increase) Percentage of 19-20 year olds employed					
2. (Increase) Percentage of Montana college-bound high school seniors choosing to entering the Montana University System					

TRACKING MEASURES	1980	1990	1995	2000	2010
1. Average need-based state financial grant award per student as percentage of the national average					
MT award:	$321				
US award:	$1,171				
MT %:	27.4%				

Financial aid is an input, not a result; this statistic is tracked, but no benchmarks are to be set.

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GENERAL GOAL: IV Maintain a high quality education system.

SPECIFIC GOAL: IV D. Increase the percentage of high school graduates.

BENCHMARK TOPIC 22: graduation percentage		1980	1990	1995	2000	2010
BENCHMARK DEFINITION						
1. Montana's state ranking in percentage of population who are high school graduates	**Rank:**		10*			
	Percent:		81%*	83%	85%	90%
2. State ranking in percentage of students who graduate from high school	**Rank:**		4*			
	Percent:		87.3%*	88%	90%	92%

1. Median state: Delaware @ 77%. Highest Rate: Utah and Washington @ 86%

2. Figures calculated by dividing the number of public high school graduates by public 9th grade enrollment four years prior after adjusting for interstate population migration. National Average: 71.4%. Highest Rate: Minnesota @ 90.9%
*Note: Figures are for 1988-89 school year.

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V. COUNCIL RECOMMENDATIONS: Actions to Institute the Benchmarks and Continue Citizen-Led Planning

The Governor's Council for Montana's Future has drawn on citizen participation in town meetings and a telephone survey to compose a vision and goals for twenty-first century Montana; and to specify an initial set of **benchmarks** to measure progress toward our future.

These benchmarks can become a revolutionary tool. The initiative and energy of hundreds of workers throughout state government can be focused on devising strategies to deliver the results our citizens want, if we take the key step of tying agency budgets to the attainment of benchmarks.

To assure that the benchmarks will be implemented, that progress toward the goals will begin, and that citizen leadership in setting goals continues, the Council respectfully suggests the following **five actions** to Governor Marc Racicot and the Montana Legislature:

A. Publicly endorse and adopt these initial benchmarks--to be put into effect immediately while, at the same time, they are revised and elaborated for use in the state budgeting process in 1995. Pass a Legislative Resolution endorsing the benchmark process, and declaring the intent to legislatively adopt official benchmarks in 1995.

B. Announce that state agency budgets will be tied, in part, to attainment of benchmarks. Ask the Budget Office to devise ways to make a portion of all state agency budgets dependent on benchmarks. For instance, Oregon this year is cutting a flat 20% across the board, but offering to restore up to 10% of current budget to agencies that come up with projects to achieve specific benchmarks.

C. Adopt and announce a permanent 4 year planning cycle, with strategy, tactics and implementation planning done in the years leading up to mid-term Legislative Sessions, and public participation in reworking vision, goals and benchmarks done in the biennia prior to gubernatorial elections.

D. Call a Statewide Economic Development Summit during 1993, to present the above program and the various sectoral plans that have recently been completed (Tourism, Science and Technology, Water Resources, Transportation) as the basis of a Governor's agenda for public-private teamwork on economic development.

E. Designate and fund a citizen's council, staffed by an agency of government to oversee participation by industries, agencies and the general public in revising and elaborating on the initial benchmarks. This same council can serve, in the first biennium, to produce an economic development legislative program for 1995, including draft legislation and fiscal notes. The council and agency so designated should also be tasked to oversee interaction and communication among the state's diverse planning efforts, and to coordinate them with the overall strategic planning cycle the Governor has defined.

VI. TOWARDS THE FUTURE: THE NEXT STEPS

In the first months of 1993, the Montana Department of Commerce and the National Association of State Development Agencies (NASDA) will move to complete the first year's work on the Montana Futures Project, with the publication of one additional, final report.

Report Three will address actions for realizing the economic and industrial development objectives specified by our goals and benchmarks. This final report will be presented as a menu of **strategies, programs and policies.** It will offer options for selection and enactment by departments of state government, as well as by local and private organizations responsible for Montana's economic development; and, where new statutes or budget resources are required, for the consideration of the Administration and Legislature. The action plan will concentrate on business and economic development goals, particularly the business development programs and policies of the Department of Commerce.

It is explicitly recognized that not all the suggestions in Report Three will be acceptable to both the legislative and the executive branches; we expect that some will be acted upon and others not.

Enactment of a comprehensive legislative program is not this project's objective, nor its criterion for success.

Instead, if the public's goals can be firmly established; if ongoing public participation in goal-setting is instituted, along with public oversight, reporting and redirection of development activity; if benchmarking for accountability is adopted; and if actions are started toward attainment of goals and benchmarks--then we will be able to say that the "orderly continuous process" we were charged to create has been set in motion.

Governor's Council for Montana's Future - 1992

John Bailey	Dan Bailey's Fly Shop	Livingston
Kurt Baltrusch	Montana-Dakota Utilities	Glendive
Jerry Black	Tri-County Radio Corporation	Shelby
Anne Boothe	Philco Economic Growth Council	Malta
Tony Colter	Louisiana Pacific	Deer Lodge
Jim Crane	Journalist	Helena
Michael Grove	First National Bank	White Sulphur Springs
Constance Jones	Luzenac America	Cameron
Alyce Kuehn	Eastern Plains RC&D	Sidney
Debbie Leeds	Elementary Principal/Teacher	Havre
Jane Lopp	Prudential Insurance Company	Kalispell
Rich Pavlonnis	Omni Marketing	Great Falls
Russ Ritter	Washington Corporation	Helena
Lynn Robson	Capital Opportunities	Bozeman
Craig Smith	Fort Peck Tribes	Wolf Point
Dan Smith	St. Patrick Hospital	Missoula
Alan Solum	Int'l Brotherhood of Electrical Workers	Kalispell
David Spencer	Willow Creek Tool	Willow Creek
Herman Wessel	Quad Five	Billings
Craig Wilson	Eastern Montana College	Billings
Robert Wuttke, Jr.	Western States Insurance Agency, Inc.	Missoula

Readers wishing more detailed information may request the full-length Working Papers for Provisional Benchmarks, which include source and explanatory notes, from the Montana Department of Commerce.

Montana Dept. of Commerce
1424 9th Ave.
PO Box 200501
Helena, MT 59620-0501
(406) 444-3494

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